

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013**

**SENATE BILL 465  
RATIFIED BILL**

AN ACT TO MAKE IT A CRIMINAL OFFENSE TO SELL, PURCHASE, INSTALL,  
POSSESS, TRANSFER, USE, OR ACCESS AN AUTOMATED SALES SUPPRESSION  
DEVICE.

The General Assembly of North Carolina enacts:

**SECTION 1.** Article 20 of Chapter 14 of the General Statutes is amended by adding a new section to read:

**"§ 14-118.7. Possession, transfer, or use of automated sales suppression device.**

- (a) Definitions. – The following definitions apply in this section:
- (1) Automated sales suppression device or zapper. – A software program that falsifies the electronic records of electronic cash registers and other point-of-sale systems, including transaction data and transaction reports. The term includes the software program, any device that carries the software program, or an Internet link to the software program.
  - (2) Electronic cash register. – A device that keeps a register or supporting documents through the use of an electronic device or computer system designed to record transaction data for the purpose of computing, compiling, or processing retail sales transaction data in whatever manner.
  - (3) Phantom-ware. – A hidden programming option embedded in the operating system of an electronic cash register or hardwired into the electronic cash register that can be used to create a second set of records or may eliminate or manipulate transaction records, which may or may not be preserved in digital formats, to represent the true or manipulated record of transactions in the electronic cash register.
  - (4) Transaction data. – The term includes items purchased by a customer, the price for each item, a taxability determination for each item, a segregated tax amount for each of the taxed items, the amount of cash or credit tendered, the net amount returned to the customer in change, the date and time of the purchase, the name, address, and identification number of the vendor, and the receipt or invoice number of the transaction.
  - (5) Transaction report. – A report that documents, but is not limited to documenting, the sales, taxes, or fees collected, media totals, and discount voids at an electronic cash register and that is printed on cash register tape at the end of a day or shift, or a report that documents every action at an electronic cash register and that is stored electronically.
- (b) Offense. – No person shall knowingly sell, purchase, install, transfer, possess, use, or access any automated sales suppression device, zapper, or phantom-ware.
- (c) Penalty. – Any person convicted of a violation of this section is guilty of a Class H felony with a fine of up to ten thousand dollars (\$10,000).
- (d) Liability. – Any person who violates this section is liable for all taxes, fees, penalties, and interest due the State as the result of the use of an automated sales suppression device, zapper, or phantom-ware and shall forfeit to the State as an additional penalty all profits associated with the sale or use of an automated sales suppression device, zapper, or phantom-ware.
- (e) Contraband. – An automated sales suppression device, zapper, or phantom-ware, or any device containing such device or software, is contraband."



**SECTION 2.** This act becomes effective December 1, 2013, and applies to offenses committed on or after that date.

In the General Assembly read three times and ratified this the 11<sup>th</sup> day of July, 2013.

s/ Daniel J. Forest  
President of the Senate

s/ Thom Tillis  
Speaker of the House of Representatives

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Pat McCrory  
Governor

Approved \_\_\_\_\_ .m. this \_\_\_\_\_ day of \_\_\_\_\_, 2013